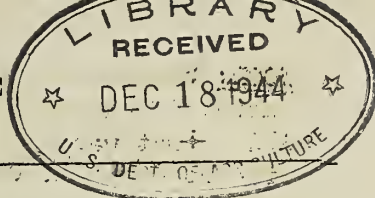


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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Administration



No. 29

AMA "WAR BOARD" LETTER

Wash. D.C. Aug. 15, 1942

FIELD PURCHASE OPERATIONS: AMA is supporting prices of beets, carrots, snap beans and corn on Farmers' Markets in New Jersey and Connecticut and at Bustleton, Pa., through spot purchases. Buying carrots and beets at 65¢ per bu. for topped and 60¢ bu. on bunched; buying snap beans at 75¢ per bu. and corn at 50¢ per bu. where there is not less than 42 ears to bu. Also has purchased a few tomatoes on these markets. ONION purchase program just closed in Oklahoma; purchased at 75¢ per 50 lb. bag (80% US No. 1). Still buying onions in California and Washington.

CONTEMPLATED: Cabbage purchase program in Wytheville, Va., area if necessary; also prepared to go into potato market in New Jersey and Long Island if commercial prices drop below Dept's price support figures, which are \$1.35 on cobbles and \$1.45 on Chippewas, Katahdins and Green Mountains. NOT NEEDED so far were purchase offices opened in Georgia and South Carolina ready to support peach prices had market slipped. LEGUMES: In order to help support prices of dried peas, beans, lentils and other legumes, AMA has insisted that these pre-cooked legumes be added to all dehydrated soup that is being purchased. This action provides new outlet for dried legumes which have been hard hit by curtailment of export markets. ORANGES: Bumper crop expected in Florida this year will be moved to large extent in form of concentrate thanks to two new plants provided by L-L funds at recommendation of AMA. RICE: Might be some trouble at beginning of harvest due to lack of storage space and handling facilities, but AMA purchase men assure that there is market for all produced this year

WOOL FREIGHT RATES: At request of Secretary Wickard, the Interstate Commerce Commission has ordered a sweeping investigation of freight rates on wool. Request for the probe was made after intensive study by AMA Transportation and Warehousing Branch revealed that these freight rates were "way out of line"; probably more so than rates on any other agricultural commodity. (For example, the freight rate on wool shipped from Pacific Coast to Boston is higher than on shell eggs.) A number of wool grower organizations appealed to USDA asking that Secty request rate investigation. There will be meeting in Dallas, Tex., Aug. 18, at which grower organizations and AMA transportation division representatives will plan procedure to be followed during rate probe. ICC has scheduled conference on procedure with all interested parties at Chicago on Sept. 11. Hearings in investigation expected to start this fall; probably be held at large wool shipping and receiving points.

INSECTICIDES: Moving to increase available supplies of insecticides for 1943 crops, Secty Wickard this week approved program for diversion of low grade tobacco to production of nicotine sulphate. Diversion program is similar to that operated last year, but has been considerably expanded. AMA will make payments to nicotine producers equalling difference between the price processors must pay for the tobacco and a fixed amount representing the price they can afford to pay for this raw material and still sell the finished product at ceiling prices. Payments vary on different types of tobacco involved. Program applies principally to dark types tobacco which have highest nicotine content and which have been hardest hit by curtailment export markets. Total quantity tobacco to be diverted: not to exceed 25,000,000 lbs. (8,500,000 lbs diverted under last year's program). Total expenditures under new program: not to exceed \$1,750,000. Because nicotine sulphate for use on 1943 crops will be required not later than March 15 and because supplies from 1942 fire-cured crop will not be available until Jan 15, the program provides for purchases by nicotine manufacturers from existing stocks of tobacco.

WOOL: Substantial savings through baling of wool, both in shipping space and amount of burlap needed, has been discovered through experiments conducted by AMA. Test was made at Montana Experiment Station, Billings, Mont., under direction of James M. Coon of Livestock Branch of AMA, using an experimental baling machine. It took two forty-foot freight cars to ship 162 bags of wool from Bozeman, Mont., to Billings, where it was baled. At Billings, 10 bags of wool were added from warehouse stocks bringing total to 172 bags. This amount was opened and re-packed, the wool from 172 bags making 62 bales which were reshipped in only one forty-foot car. Besides this savings in shipping space, it is estimated that the bales saved 30 percent of burlap needed for the same wool in bags, even tho the bales were entirely covered.

REFRIGERATED CARS: Study by OAWR and BAE reveals that refrigerated car facilities probably be adequate this year if proper steps are taken to bring about coordinated management of their use. Whether supply will be adequate next year depends on volume of transportation that will be shifted from trucks to rail facilities.

DEHYDRATION: Final approval has come through from WPB on 19 vegetable dehydration plants. Their total annual capacity will run 38,989,000 lbs. WPB also has certified 24 egg drying plants with an annual capacity of 70,000,000 lbs. and 8 milk drying plants with an annual capacity of 64,000,000 lbs. In addition, one meat dehydration plant with an annual capacity of 6,000,000 lbs. has been approved. All these firms will draw against the bank of materials set up by WPB for expansion of dehydration facilities at the request of the Food Requirements Committee.

NOTE: AMA Administrator Hendrickson will make two speeches in Chicago on Aug. 17; one on "The Emergency Food Job", before the International Stewards Association and the other, "The Meat Emergency", before the National Association of Retail Meat Dealers. On same date, Associate Administrator C. W. Kitchen will make address at Raleigh, N.C., on "Buying Food for War Needs", at the Southern Regional Training School of the American Farm Bureau Federation. All these speeches contain important definitions of AMA policy and should be read. 100 copies of each are being sent all regional offices.

COTTON BAG PRICES: Attached for your information is a tabulation of approximate costs of fabric for specified cut sizes of bags under present OPA ceilings, the approximate cost per bag when fabric cost represents 85% of the bag price. In connection with this, advice has been received from the National Cotton Council, that 100 lb capacity, 3.50 yard osnaburg bags, size approximately 40 x 46 are selling in the Memphis area for slightly more than 16¢ each. This bag is considered satisfactory for packaging wheat. Indications are that West Coast area prices for this bag will not be much higher, particularly if plain unbranded bags are used.